



DATE: March 3, 2009

TO: Commissioner Bill Bird
Commissioner Greg Drees
Commissioner Richard Francisco
Commissioner Elizabeth Garst
Commissioner Tammi Kircher
Commissioner Carol Kramer
Commissioner Janelle Rettig

FROM: Michelle Wilson, Project Manager, Honey Creek Resort State Park

RE: Honey Creek Resort State Park January 2009 Operation Income Statements

Enclosed you will find Central Group Companies Inc's operations income statement for the month of January 2009 as received by the Department on February 28, 2009.

After five months of operation, losses at the resort have exceeded budget projections by \$65,890. As was reported in February, a considerable amount of the variance is still due to food and beverage expenses exceeding revenue. As of March 3, 2009 Central Group Companies has not asked for additional monetary assistance from the Department's contingency fund. Last June in a document submitted to the Bond Authority, the Department projected that \$100,000 would have been spent out of this fund by February 1, 2009, thus far we have spent \$71,000.

Food and Beverage

Central Group Companies, Inc. is continuing to work on bringing the expenses in food and beverage in-line with revenues. In January, there were 6,317 covers served up from 5,602 covers in December. We continue to have good turnouts for weekend dining with the weekday traffic slow. Central Group Companies, Inc. was not only over on food and beverage costs, but they were also over on payroll expenses. They are working on realigning their restaurant shifts and staffing to meet the lower demand during the weekday and higher demand on the weekends. Staff in this department are receiving additional training specific to the food and beverage industry in order to deliver improved customer service and quality product.

The Department reported in February that new menus would be rolled out in February. Central Group Companies, Inc. has reported that this did not happen but it will be rolled out the first part of March.

Occupancy

Occupancy for January is 35.6% which is under the budget of 42%. Preliminary occupancy for February is 25.6% which is under the budget of 40%. Every weekend in the month of February saw Saturday's completely booked with the proceeding Friday from 40-70% booked. Central Group Companies, Inc. is also working to book two night minimum stays on the weekends when there is high demand. Housekeeping continues to have an increase in payroll expenses over budget. Management is working to bring down the time to clean rooms, while continuing to deliver quality service, which will lower this variance. They are seeing efficiencies in other areas of guest services which help to balance the overages in housekeeping.

We are continuing to see good progress on reservations for commercial-grade cabins this summer. We are booked at 76% already for the cabins in the month of July. We have included in this mailing additional information on lodge, commercial-grade cabins, and RV campground for rooms sold for the remaining calendar year.

Below is a chart providing information gathered by Central Group Companies Inc. comparing Honey Creek's average daily rate and occupancy rate with competition in the Iowa market and other resorts in the region (Iowa, Illinois, and the Ozarks).

	Iowa Market	Regional Market	Honey Creek RSP
Occupancy	41.3%	27%	35.6%
Average Daily Rate	\$67.51	\$101.87	\$85.92

Throughout the month of March and the first two weeks of April, the Department along with The Hanson Company, lodge contractor, will be bringing off-line 20 lodge rooms per week to correct issues that we have been having with the showers. Proctor Mechanical, The Hanson Company's sub for plumbing, will be re-plumbing all showers and placing showerheads as per plans and specifications. This work will be at the contractor's expense as it was not installed per the plans and specifications. This correction of the showers should eliminate the complaints that we have received from guests since opening last fall.

Sales and Marketing

The interim Director of Sales started in February. The Cabin Fever special has helped to drive weekend occupancy in the resort and the new Spring Break special is filling the traditional spring break week in March. The estimated occupancy for that week is 90% and the weekend is sold out for rooms. The Wine and Jazz event will be taking place on March 13-14th and is 79% booked on the Friday and 100% on Saturday. They continue to work on specials and events for the spring.

The Department met with the Iowa Department of Economic Development in February to discuss partnering efforts for promotion of Honey Creek Resort State Park. The Tourism Bureau will be working with our staff and Central Group Companies, Inc. to bring promotional materials to their media day in Chicago, Illinois the first of April and would like to work with us on another event possibly in St. Louis, Missouri. Other efforts that are being initiated are with the Iowa Lottery. We will continue to update you on these areas of marketing as well as specials and promotions at the resort each month.

The Preserve

The Preserve will be open officially, and with all 18 holes, this first week of March. They also saw some traffic on warm days in February which is reflected as revenue in the income statement. The staff attended many golf shows in February and had good interest at those shows. According to the pro forma, 10,100 rounds of golf were budgeted for FY09. Due to flood impacts last year and only opening a 9-hole course last fall at The Preserve, Darin Fisher the Golf Manager is anticipating a 12% reduction in golf.